

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6605

BILL NUMBER: HB 1067

NOTE PREPARED: Apr 2, 2007

BILL AMENDED: Mar 29, 2007

SUBJECT: Pension Issues.

FIRST AUTHOR: Rep. Crooks

FIRST SPONSOR: Sen. Meeks

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill:

(1) allows a member of the Teachers' Retirement Fund (TRF) who is receiving a benefit from TRF and who is a party in an action for dissolution of marriage in which: (A) the member's designated beneficiary is also a party; and (B) a final order is issued after the member's first benefit payment is made; to elect under certain conditions to change the member's designated beneficiary or form of benefit;

(2) allows a retired legislator who receives or is entitled to receive a salary from the state to also receive a benefit from the Legislators' Defined Benefit Plan; and

(3) assigns to the Pension Management Oversight Commission (PMOC) the study of TRF's structure.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (1) There will be a \$250 charge that is to be paid by the member for the Fund actuary to recalculate the benefit. Benefits will be recalculated only to the extent permitted by the Internal Revenue Code and applicable regulations. Also, the TRF Board of Trustees may obtain any approvals that the Board considers necessary or appropriate from the Internal Revenue Service. In addition, there will be an administrative cost of a minimal amount to the Fund. The fund affected is the Administrative Fund.

(Revised) (2) Allowing a retired legislator who receives or is entitled to receive a salary from the state to also receive a benefit from the Legislators' Defined Benefit Plan will have no material actuarial fiscal impact on the Legislators' Defined Benefit Plan. The fund affected is the state General Fund.

Background Information: The actuarial assumptions used to determine the unfunded liabilities and the annual funding of the Legislators' Defined Benefit Plan assume that any legislator who terminates employment when eligible for retirement will commence receiving retirement benefits immediately. Legislators who terminate employment while eligible for benefits and do not commence receiving benefits immediately are assumed to have their benefits commence at the later of age 65 or their actual age.

It is not known how many of these legislators with benefits deferred to age 65 would commence retirement benefits immediately upon the effective date of this legislation. But if benefits do commence prior to age 65, they are reduced (in the same manner as benefits are reduced in PERF) for early commencement.

(Revised) (3) There will be no fiscal impact for the assigning to PMOC the study of TRF's structure.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Teachers' Retirement Fund; Legislative Services Agency; Members of the Legislators' Defined Benefit Plan; Public Employees Retirement Fund as administrators of the Plan.

Local Agencies Affected:

Information Sources: Tom Abbett, Controller, Teachers' Retirement Fund, 317-232-3826; Doug Todd of McCready & Keane, Inc., actuaries for PERF and the Legislators' Defined Benefit Plan, 317 576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.